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# FAMILY ECONOMICS REVIEW

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## HIGHLIGHTS / FALL 1974

CLOTHING QUANTITY BUDGETS

FABRIC FLAMMABILITY

COST OF MEATS AND MEAT ALTERNATES

NATIONAL HEALTH INSURANCE

VARIABLE ANNUITIES

ENERGY PRICES

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Consumer and Food Economics Institute  
Agricultural Research Service  
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FAMILY ECONOMICS REVIEW is a quarterly report on research of the Consumer and Food Economics Institute and on information from other sources relating to economic aspects of family living. It is prepared primarily for home economics agents and home economics specialists of the Cooperative Extension Service.

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## WHO LACKS HEALTH INSURANCE COVERAGE?

One-fifth of all persons under age 65 in the United States do not have any insurance to help them defray the costs of medical care. This includes many low-income families and individuals, to whom cost is a major deterrent to obtaining adequate health insurance protection. Also without coverage are persons regarded as health risks by private insurers. Although Medicaid has benefited many low-income persons, about 9 million still are not covered.

Among persons with health insurance many do not have complete coverage of all costs of medical care. Half the population under age 65 lacks coverage for physician office and home visits. Even though Medicare pays for a large proportion of the medical costs incurred by its

enrolled population, these elderly persons still must bear large costs if they become ill. To supplement their Medicare coverage in 1972, about half of those over age 65 bought private hospitalization insurance and slightly less than half bought surgical insurance.

Not only do many persons have incomplete insurance coverage for the broad spectrum of medical care services, but many are not well protected against very large medical expenses. Major medical insurance—protection against bills resulting from serious and prolonged illness—is held by only one-half of the U.S. population.

Source: Mueller, Marjorie Smith, Private Health Insurance in 1972: Health Care Services, Enrollment, and Finances, SOCIAL SECURITY BULLETIN, 37(2):20-40, 1974.

## CLOTHING QUANTITY BUDGETS

by Virginia Britton

Quantity clothing budgets have been developed by the U.S. Department of Agriculture for various population groups by region and urbanization. These quantity budgets complement the Department's cost budgets that were published in the Summer 1974 issue of FAMILY ECONOMICS REVIEW. They provide an additional set of tools useful in teaching management of resources in school and adult education programs, in counseling with families on budgetary and management problems, and in action programs focused on improvement in the level of living of families. Both sets of budgets are based on data on purchases of clothing for individual persons from the 1960-61 Survey of Consumer Expenditures—the latest data available from a nationwide survey. Both sets of budgets reflect the practices, at the time of the survey, of groups of persons selected to represent a given level of living.

The quantity budgets are presented in terms of cost-equivalent amounts of representative items. A great variety of clothing items are purchased annually for any specific group of persons. In obtaining survey information,

similar items are customarily grouped together, but still make a long list. In the 1960-61 Survey, clothing items for infants were grouped into 27 types, clothing items for girls 2 to 15 years into 51 types, those for girls and women 16 years and over into 52 types, those for boys 2 to 15 years into 49 types, and those for boys and men 16 years and over into 56 types. To make the computation and presentation of the quantity budgets feasible, clothing items (consolidated into 40 types for girls and women and 35 types for boys and men) were classified into six specific groups—outdoor wraps, outer garments, underwear and nightwear, hosiery, footwear, and hats and other clothing. A representative item was chosen for each group. For example, heavy winter coats are the representative item for girls' and women's outdoor wraps, and jackets are the representative item for boys' and men's outdoor wraps. The representative items in each category are those for which average expenditure was largest. The use of a representative item for each category makes it easier to compare budgets and makes allowance for a greater range of individual taste and for changes in fashion. Table 1 shows the



six clothing categories, the clothing items included in each category, and the representative items chosen for each category.

After selection of the representative item (for which the price per unit must be available), the cost-equivalent amount in terms of the representative item was computed by dividing the average expenditure per person for a clothing category by the average price paid by that group of persons for the representative item. For example, the calculation for outdoor wraps for a specific group—urban wives, 25 to 64 years, not employed, at the low-cost level in the South—using the 1960-61 cost figures was as follows:

#### Outdoor wraps

Average expenditure per person  
for outdoor wraps = \$3.37.  
Average price paid for a  
heavy winter coat = \$38.33.  
Cost-equivalent amount =  $3.37/38.33$   
= 0.1 heavy winter coats.

For the remaining categories, the calculations, stated more briefly, were as follows:

#### Outer garments

Cost-equivalent amount =  $35.40/9.90$   
= 3.6 street dresses.

#### Underwear and nightwear

Cost-equivalent amount =  $19.70/3.21$   
= 6.1 slips, petticoats.

#### Hosiery

Cost-equivalent amount =  $9.14/1.01$   
= 9.0 pairs of stockings.

#### Footwear

Cost-equivalent amount =  $19.09/9.75$   
= 2.0 pairs of street  
and dress shoes.

#### Hats and other clothing

Cost-equivalent amount =  $13.46/4.63$   
= 2.9 handbags, purses.

The plan provides that money for a large purchase, such as a winter coat, be accumulated over several years. In practice, money may be withdrawn from other clothing groups or from

clothing purchases of other family members the year that the large purchase is made.

The economic levels of the quantity budgets, as of the cost budgets published earlier, are those at which families spent for food at the levels of three USDA food plans—economy, low-cost, and moderate-cost. Computation of the Department's budgets for clothing at these three levels was the same for the quantity and the cost budgets, and was explained in the Summer 1974 issue of FAMILY ECONOMICS REVIEW. As noted there, the cost budgets were updated to recent years, adjusting expenditures for changes in price levels as shown by the Apparel and Upkeep Indexes of the U.S. Bureau of Labor Statistics.

The quantity budgets show the amounts of clothing supplied by the cost budgets in 1960-61. Items and quantities of clothing purchased generally change less rapidly than prices. However, since prices have not risen equally for all garments, the quantity budgets provide only an estimate of the number of items covered by the current cost budgets.

As examples of the quantity budgets, two sets of budgets for the South at the low-cost level are shown in tables 2 and 3. Table 2 is for urban persons and table 3 for farm persons. The budget quantities are relatively large for children and young unmarried adults, moderate for mature adults, and lower for persons 65 years and over. Rapid rates of growth, wear and tear on garments, and developing fashion interest help explain the higher amounts for the young.

The full set of 33 tables of quantity budgets by region, urbanization, and cost level is available upon request to the Consumer and Food Economics Institute, Agricultural Research Service, U.S. Department of Agriculture, Federal Building, Hyattsville, Md. 20782. Please give your ZIP code with your return address.

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Note: In Summer 1974 issue of FER, p. 5, table 2, "Women's clothing budgets," change second boxhead under Independent consumers to read: 25 to 64 years, not employed.

*Table 1.—Garments included in clothing categories for infants, girls and women, and boys and men  
(\*Indicates representative items<sup>1</sup> )*

Clothing category	Infants under 2 years	Girls and women	Boys and men
Outdoor wraps	*Snowsuits (North Central & Northeast). *Coats (South & West). Buntings Sweater suits	*Heavy winter coats Light coats, toppers, coat sets. Snowsuits, skisuits, leggings, ski pants. Jackets Raincoats, rain capes Fur coats, jackets, scarfs, stoles, muffs.	*Jackets. Overcoats. Topcoats, coat sets. Snowsuits, skisuits, leggings, ski pants. Raincoats.
Outer garments	*Playsuits, sun-suits, overalls. Dresses Rompers Suits Tee shirts, polo shirts. Sweaters, sacques, jackets.	*Street and school dresses Party dresses, semiformal, formal. Housedresses, smocks, dusters, pinafores. Suits Matched separates and sets Skirts, jumpers, culottes Slacks, overalls, dungarees, blue jeans. Shorts, sport and play clothing Uniforms for work, school, other. Blouses, shirts, Tee shirts Sweaters	*Separate trousers, slacks. Year-round and winter suits. Tropical suits, cotton suits, and other. Sport coats, separate jackets. Vests. Work trousers, overalls, coveralls, dungarees. Shorts, sport and play clothing. Uniforms for work, school, other. Dress shirts. Sport shirts. Work shirts. Sweaters.
Underwear and nightwear	*Rubberized pants Slips Undershirts, vests Cotton underpants, training pants. Diapers Disposable diapers Sleeping garments Robes, wrappers Receiving blankets Layettees	*Slips, petticoats Undershirts Panties, briefs Garter belts Girdles, corsets Brassieres Union suits, snuggies Nightgowns, pajamas Bathrobes, housecoats, negligees	*Undershorts, briefs. Undershirts. Union suits, undershorts and undershirt sets. Pajamas, nightshirts. Bathrobes, lounging robes.
Hosiery	*Stockings, socks	*Socks, anklets, knee socks (girls under 12 years). *Stockings (females 12 years and over).	*Socks.
Footwear	*Booties, shoes	*Street and dress shoes Casual shoes Special sport shoes Houseslippers, ballet slippers Slipper socks Rubbers, galoshes, boots	*Street shoes and boots. Casual shoes. Special sport shoes. Work shoes, safety shoes. Houseslippers. Slipper socks. Rubbers, galoshes, boots.
Hats and other clothing	*Caps, hoods, bonnets. Bibs Mittens, scarfs Jewelry Other clothing	*Handbags, purses Hats Gloves Accessories Jewelry and watches Other clothing	*Gloves. Hats, caps, helmets. Accessories. Jewelry and watches. Other clothing.

<sup>1</sup> Representative items: Those items frequently purchased for a group of persons (infants, all ages of females, or all ages of males) for which average expenditure was largest in each category. Other items of equivalent money value may be substituted.

Table 2.—Clothing budgets: Quantity of annual purchases in terms of representative items for 6 clothing categories, by sex-age groups: South, urban, low cost<sup>1</sup>

Sex-age groups	Outdoor wraps	Outer garments	Underwear and nightwear	Hosiery	Footwear	Hats and other clothing
	<i>Number</i>	<i>Number</i>	<i>Number</i>	<i>Number of pairs</i>	<i>Number of pairs</i>	<i>Number</i>
	Snowsuits or coats	Playsuits, sun-suits, overalls	Rubberized pants (pairs)	Stockings, socks	Booties, shoes	Caps, hoods, bonnets
Infants under 2 years . . . .	0.5	7.7	18.6	3.9	1.7	1.3
	Heavy winter coats	Street and school dresses	Slips, petticoats	Socks or stockings	Street and dress shoes	Handbags, purses
<b>GIRLS AND WOMEN</b>						
Unmarried, living in families:						
2 to 5 years . . . . .	.6	7.1	5.1	7.5	2.7	2.1
6 to 11 years . . . . .	.6	8.8	5.9	8.8	3.7	3.1
12 to 15 years . . . . .	.5	9.5	6.6	7.3	3.7	3.9
16 to 17 years . . . . .	.5	8.1	6.5	11.6	3.8	4.9
18 to 24 years . . . . .	.6	9.2	8.6	16.9	4.4	7.9
Married:						
18 to 24 years, not employed . . . . .	.3	6.2	8.3	15.1	3.0	4.8
25 to 64 years, not employed . . . . .	.1	3.6	6.1	9.0	2.0	2.9
25 to 64 years, employed . . . . .	.3	4.0	7.6	16.8	2.4	3.6
Independent consumers, 25 to 64 years:						
Employed . . . . .	.5	5.0	5.9	15.0	2.6	2.6
Not employed . . . . .	.3	3.1	5.6	9.6	1.9	1.1
65 years and over . . . . .	.2	1.4	3.3	5.6	1.0	1.2
	Jackets	Separate trousers, slacks (pairs)	Undershorts, briefs (pairs)	Socks	Street shoes and boots	Gloves (pairs)
<b>BOYS AND MEN</b>						
Unmarried, living in families:						
2 to 5 years . . . . .	.8	10.2	15.2	7.1	2.6	2.2
6 to 11 years . . . . .	.9	11.6	13.9	9.5	3.1	3.2
12 to 15 years . . . . .	.7	11.1	11.3	10.6	3.0	2.9
16 to 17 years . . . . .	.8	11.0	10.5	10.0	2.3	4.4
18 to 24 years . . . . .	1.0	11.9	10.9	10.4	2.2	8.6
Married:						
18 to 24 years . . . . .	.6	9.3	10.4	9.9	2.1	8.1
25 to 64 years . . . . .	.5	7.2	10.5	8.2	1.4	10.7
Independent consumers, 25 to 64 years . . . . .						
	.3	6.9	9.7	8.7	1.6	( <sup>2</sup> )
65 years and over . . . . .	.2	3.8	6.2	3.2	.6	4.7

<sup>1</sup> Estimates based on data on purchases from the 1960-61 Survey of Consumer Expenditures by the U.S. Bureau of Labor Statistics and the U.S. Department of Agriculture.

Budget levels: The economic levels of the budgets are those at which families spent for food at the levels of 3 USDA food plans—economy, low-cost, and moderate-cost.

Computation: The budgets for children under 16 years were based on the data for all children in families of husband and wife with 1 to 5 children and no other persons. The budgets for unmarried persons 16 years and over living in families, and for married adults were based on the data for persons in families of various types. Independent consumers are persons living alone or in a household with others but independent financially—not pooling income and expenditures. The group 65 years and over includes both independent consumers and family members. Budgets are not shown for sex-age groups that had data on less than 30 individual persons.

<sup>2</sup> Separate quantities could not be reported for this item. Computational difficulties were usually due to unrepresentative purchase prices, low purchase rates, and other variations in the data.



*Table 3.—Clothing budgets: Quantity of annual purchases in terms of representative items for 6 clothing categories, by sex-age groups: South, farm, low cost<sup>1</sup>*

Sex-age groups	Outdoor wraps	Outer garments	Underwear and nightwear	Hosiery	Footwear	Hats and other clothing
	<i>Number</i>	<i>Number</i>	<i>Number</i>	<i>Number of pairs</i>	<i>Number of pairs</i>	<i>Number</i>
	Snowsuits or coats	Playsuits, sun-suits, overalls	Rubberized pants (pairs)	Stockings, socks	Booties, shoes	Caps, hoods, bonnets
Infants under 2 years . . . .	0.4	5.6	18.3	2.9	1.6	1.0
	Heavy winter coats	Street and school dresses	Slips, petticoats	Socks or stockings	Street and dress shoes	Handbags, purses
<b>GIRLS AND WOMEN</b>						
Unmarried, living in families:						
2 to 5 years . . . . .	.7	9.2	5.6	9.3	3.0	2.1
6 to 11 years . . . . .	.7	10.7	6.9	9.8	3.5	3.6
12 to 15 years . . . . .	.7	11.7	9.6	8.6	4.2	5.1
16 to 17 years . . . . .	.5	9.9	9.4	11.1	3.7	6.2
18 to 24 years . . . . .	.4	8.8	8.7	14.3	4.1	5.2
Married:						
18 to 24 years, not employed . . . . .	.3	4.2	8.8	7.0	2.8	3.7
25 to 64 years, not employed . . . . .	.1	3.5	6.8	7.4	2.5	2.6
25 to 64 years, employed . . . . .	.2	4.9	8.6	11.7	2.6	4.5
Independent consumers, 25 to 64 years:						
Employed . . . . .	---	---	---	---	---	---
Not employed . . . . .	---	---	---	---	---	---
65 years and over . . . . .	.2	1.3	3.0	4.6	1.3	1.1
	Jackets	Separate trousers, slacks (pairs)	Undershorts, briefs (pairs)	Socks	Street shoes and boots	Gloves (pairs)
<b>BOYS AND MEN</b>						
Unmarried, living in families						
2 to 5 years . . . . .	.9	9.6	15.2	7.1	2.8	2.3
6 to 11 years . . . . .	1.1	11.4	14.6	9.1	3.2	3.4
12 to 15 years . . . . .	1.3	12.7	13.0	10.6	3.2	5.8
16 to 17 years . . . . .	1.0	10.9	11.3	11.4	2.7	8.0
18 to 24 years . . . . .	.8	11.6	12.5	10.2	2.4	10.5
Married:						
18 to 24 years . . . . .	---	---	---	---	---	---
25 to 64 years . . . . .	.8	6.4	10.4	8.7	1.9	14.1
Independent consumers, 25 to 64 years . . . . .	---	---	---	---	---	---
65 years and over . . . . .	.6	3.2	6.2	4.4	1.2	7.4

<sup>1</sup> Estimates based on data on purchases from the 1960-61 Survey of Consumer Expenditures by the U.S. Bureau of Labor Statistics and the U.S. Department of Agriculture.

Budget levels: The economic levels of the budgets are those at which families spent for food at the levels of 3 USDA food plans—economy, low-cost, and moderate-cost.

Computation: The budgets for children under 16 years were based on the data for all children in families of husband and wife with 1 to 5 children and no other persons. The budgets for unmarried persons 16 years and over living in families, and for married adults were based on the data for persons in families of various types. Independent consumers are persons living alone or in a household with others but independent financially—not pooling income and expenditures. The group 65 years and over includes both independent consumers and family members. Budgets are not shown for sex-age groups that had data on less than 30 individual persons.

# TEXTILE NEWS: FABRIC FLAMMABILITY

by Nancy G. Harries

The development of flame-retardant (FR) fabrics to serve a wider variety of fabric end-use products than currently covered by existing flammability standards is a top priority of the textile industry. There are predictions (though not all industry representatives agree) that within the next 5 years most, if not all, apparel and many home furnishings products will be covered by flammability standards.<sup>1</sup> The Consumer Product Safety Commission, which is responsible for the development of FR standards,<sup>2</sup> is reported to have received strong input from some consumer advocates and congressional members about the slow development of standards in the wearing apparel area. Currently, the most stringent existing Federal apparel standards cover children's sleepwear, although other types of apparel are believed to contribute significantly to burn injuries. Both the Commission and the textile industry feel pressure to develop additional flame-retardant standards for nonsleepwear apparel as a result of State standards that are ahead of those at the Federal level.

Pressure is also on industry to develop the technology that allows for increased FR fabrics that are aesthetically acceptable, reasonably durable and comfortable, easy to care for, and not excessively expensive. That is a hard order to fill, and flammability has been cited as the single greatest challenge facing the industry today.

## FR Apparel Standards

**Federal standards.** Two new Federal Flammability standards are now on the books: The first, established for children's sleepwear sizes 0-6X, became effective July 1, 1972. The second, for children's sleepwear sizes 7-14, is

scheduled to take effect May 1, 1975. Delays in the passage of these standards have resulted mainly from questions on the test methods for evaluating flame retardancy.

The new standards for sizes 7-14 differ mainly from those for sizes 0-6X in the testing procedures required. Both standards require manufacturers to perform char length tests on oven-dry samples. However, the 7-14 standards will eliminate a residual-flame time criterion and a requirement that afterglow be counted as burn time. The modified test procedure for sizes 7-14 results from the assumption that older children are more responsive in a fire-danger situation than are younger children.

Several amendments to the standards for sizes 7-14 have been proposed and were still pending in August. These amendments include modification of the oven-dry testing procedures to allow 65 percent humidity in certain of the test samples. This procedure would enable wool garments to meet the standard. Supporters of the amendment emphasize that wool fibers typically contain moisture within the fiber (due to their hygroscopic nature), and to remove all moisture is unrealistic.

Other proposed amendments relate to the need to further define the terms "date of manufacture" and "in inventory or with the trade." There have been problems over varying interpretations of these terms in the 0-6X standards. A clearer definition of when the manufacturing process ends and of when imported goods are ordered, shipped, and received, will enable all affected parties to know which items are subject to the standards. Under the Flammable Fabrics Act, products, fabrics, or related material subject to the standards that are in inventory or with the trade as of the effective date of the standard, are exempt from the standard, except when the Commission decides that the items are so flammable as to be dangerous.

Another proposed amendment relates to the "affirmative" labeling of garments that comply with the FR standards. This labeling contrasts with the now expired "negative labeling" provision that required noncomplying sleepwear in sizes 0-6X to be conspicuously labeled "flammable." The new standard for sizes 7-14 calls for

<sup>1</sup> Although FR standards are under consideration in the home furnishing and product areas, the emphasis of this article will be on the development of apparel standards and the technology necessary to meet them. Home furnishings standards issued thus far under the Flammable Fabrics Act include those for carpets and rugs, small carpets and rugs, and mattresses. Other products for immediate consideration include blankets, upholstered furniture, draperies and curtains, and camping tents.

<sup>2</sup> Responsibility for fabric flammability standards was formerly with the Department of Commerce.



permanent labels outlining wash-and-care instructions and warning against use of certain cleaning agents, such as nonphosphate detergents and chlorine bleaches, which deactivate FR finishes. There are differences of opinion as to what affirmative labels should include, and how long they should be required. For instance, the American Apparel Manufacturers Association (AAMA) supports affirmative labeling to eliminate confusion in the market place that was created by some of the negative labeling requirements. However, AAMA does not support permanent labeling, stating that the purpose is to help the consumer distinguish between complying and noncomplying goods only at the time of purchase. AAMA suggests that affirmative labels be required only for 2 years, because after that period most all of the inventory of noncomplying goods will have been depleted.

These recommended amendments are controversial. The Consumer Product Safety Commission (CPSC) will make final recommendations based on responses to their call for comments that were collected in spring 1974 from industry and consumer representatives.

With the final regulations for the children's sleepwear standards near completion, one phase of flammability activity for the CPSC will be ending, and another phase beginning. The Commission will have, for the first time since it inherited the responsibility for the Flammable Fabrics Act from the Department of Commerce, a chance to look at that Act to determine what further areas require safety standards. As a first step the Commission conducted a national fire incidence survey in April 1974, to determine the frequency and nature of fire and burn-related injuries and to pinpoint fire hazards. Information from the survey may suggest the need for further fabric flammability standards. However, many industry and fire-safety representatives are stating that they hope the survey will provide information about sources of ignition—kitchen stoves, space heaters, and matches—and perhaps the need for standards for these items.

Another area for consideration is the contribution of garment design to burn injuries. The National Bureau of Standards (NBS) has preliminary data indicating that loose-fitting apparel is a possible fire hazard. Additional investigation is required to determine if some

garment styles are as great a fire hazard as the fabrics from which they are made, and to see if standards need to be developed.

**State standards.** Certain States are leading the way in the passage of flammability standards that are more stringent than the Federal flammability standards. This creates massive problems for the textile industry which must supply products that meet these varying standards. For example, Washington and Massachusetts already have legislation that covers children's sleepwear sizes 7-14. California has passed the most stringent standard yet—requiring *all* children's wear, not just sleepwear, sizes 0-14 to be flame retardant. These California standards were originally scheduled to become effective July 1, 1975, at which time manufacturers were to meet the specifications or be required to use negative labeling. However, as a result of industry appeals for an extension, the date was extended. Industry spokesmen unanimously agreed that industry would be unable to supply more than 10 to 15 percent of the children's wear volume ordinarily sold in California stores, unless they used negative labeling. Negative labeling instills fear and does not really solve the safety problem.

The compromise worked out as acceptable to California's State Fire Marshall's Office is significantly less stringent than the originally passed standard, but will give manufacturers more time to develop new technology for making garments flame-retardant. The revised regulations became effective July 1, 1974, and spell out several stages of implementation:

1. By July 1, 1975, all children's wear sizes 0-14 must meet either the Federal children's sleepwear flammability standards or the existing much less stringent Federal regulations for all apparel fabrics. The Federal regulations for all apparel fabrics require only that "highly flammable" materials be removed from the market.
2. By July 1, 1976, all children's wear that meets the Federal sleepwear standards must bear a label saying they are flame retardant (affirmation labeling).
3. By July 1, 1977, children's wear conforming only to the commercial standards will have to bear cautionary warning labels (negative labeling).

4. By July 1, 1979, all children's wear 0-14 must meet the sleepwear or equivalent standard. Manufacturers will not have the option to continue the use of negative labeling at that time. Legally, no nonconforming children's wear can be sold in California markets after that date.

Much attention has been focused on the California legislation since it may be paving the way for the passage of more comprehensive Federal standards. Regardless of what's ahead in terms of Federal FR legislation, the more stringent State requirements will have a nationwide impact on the availability of FR fabrics.

### FR Technology

Although the technology for making products flame retardant has advanced very rapidly in the last few years, the next 5 years should bring even more sweeping changes for consumers. As new FR standards are approved, additional flame-retardant fibers and finishes will become necessary.

Currently manufacturers are using both topical finishes and flame-retardant fibers to meet the increasing number of emerging FR standards.<sup>3</sup> Topical finishes came out first and are easier to commercialize, and are therefore being used more—in terms of total yardage—than FR fibers. However, that may change as new developments are made in FR fibers, which are believed to offer a greater flame-retardant consistency and permanence than topical finishes. Also, FR fibers are predicted in the long run to be a lower cost source of flame retardance than the topical finishes.

Topical finishes. Research is continuing in the development of FR finishes for application to fabric surface, in particular, to cotton and cotton/blend fabrics. Cotton, a natural fiber from plant sources, cannot be chemically modified in the fiber solution as can manufactured or synthetic fibers. Flame retardancy has continued to be approached through the development of improved methods for applying finishes to fabrics. Technological difficulties remain, and present technology for

cotton products is not completely satisfactory.

Despite some controversial predictions that 100 percent cotton items will disappear as most apparel becomes flame-retardant, advances in FR cotton are reported with increasing frequency. Many manufacturers of cotton and cotton/blend products do not foresee a decline in the cotton market. They strongly suggest that 100 percent cotton jeans are here to stay! Cotton, Inc., reports that some all-cotton and high-cotton blends can meet and exceed Government standards right now, and that a new technological breakthrough has been developed by their corporation which prevents the loss of strength and comfort that have been major limitations of many FR cottons. Other textile companies report that they see "better vehicles" on the horizon for making cotton flame retardant. In May 1974 the USDA reported two new FR finishes for cotton products that pass the Federal children's sleepwear standards and provide the desired durability performance expected for cottons. In general, fiber and fabric representatives in the cotton market do not believe that the increase of FR fibers will threaten the consumption of cotton.

FR fibers. Manufactured fibers are currently available that have flame-retardant properties: High-temperature resistant nylon, fire-resistant acetate and rayon, and the inherently fire-resistant modacrylics and flame-resistant polyester fibers. These FR fibers have benefited from the demand for FR fabrics, particularly in children's sleepwear, industrial, and home furnishings products. However, they do not provide the answer for FR general wearing apparel or for FR sleepwear. When other fibers, such as cotton or polyester, are blended with these types of fire-resistant fibers, the flammability resistance of the resulting fabric may be diminished or destroyed. Blending has been used to impart aesthetic, comfort, and care properties that consumers want for general wearing apparel. These properties are not found in the use of the existing FR fibers alone. *Polyester FR fibers* are predicted to have the greatest potential for solving this problem. The need is for an FR polyester which, when blended with cotton, would result in a blended FR fabric that would require no further FR finishing treatments. Currently there is no technological solution, but progress is being made. For

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<sup>3</sup> Woven producers have gone more to topical finishes, warp knitters have tended to use flame-retardant fibers, and circular knitters have proceeded in both directions. (American Fabrics Magazine, No. 99, Winter 1973, p. 41.)



example, Du Pont has developed a flame-retardant Dacron polyester that, when made for commercial use, shows promise for FR apparel.

The FR fibers discussed above have been developed by modifying existing generic fiber classifications. There are now new generic classifications of fibers that have flame-retardant properties. Within the past year, the Federal Trade Commission has approved two new generic names for fibers—*aramid* and *novoloid*—that have resistance to flame.

Aramid was established to cover two aromatic polyamide (nylon) fibers manufactured by Du Pont, and all other fibers falling within this new classification. Nomex—the trade name of one of the fibers now classified as aramid—is an FR fiber formerly in the nylon classification. Since aramid fell under the past definition of nylon, the FTC redefined nylon to exclude this new type of fiber. Aramid and conventional-type nylons differ significantly in both chemical structure and physical properties and are more costly to produce.

Novoloid was approved to cover a fiber manufactured by The Carborundum Company under the trade name Kynol.<sup>4</sup> Novoloid has remarkable resistance to heat and flame—it is unfusible and nonflammable, substantially unaffected by many acids, and insoluble in organic solvents. FR fibers, particularly those that are solution produced, have every indication of answering certain flammability technology needs. Their development is a priority research topic.

### Problems Inhibiting the Expansion of FR Fabrics

Even with new technology on the horizon,

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<sup>4</sup>Trade names and company names are used in this publication solely for the purpose of providing information. Mention of them does not constitute a guarantee or warranty of the product by the U.S. Department of Agriculture or an endorsement by the Department over other products not mentioned.

two major difficulties must be overcome before the consumer will accept FR fabrics as a standard characteristic of textile products: (1) The increased price of FR products and (2) the alteration of fabric properties, resulting in decreased comfort, strength, aesthetic qualities, and increased maintenance.

The price of FR children's sleepwear products is estimated to be as much as 25 percent higher than for non-FR products. The price is predicted to go beyond that (up to 50 percent higher possibly) as new technology is developed and implemented for nonsleepwear apparel. The task of curbing prices will be particularly complicated by the energy shortage. Retailers and manufacturers claim that whatever materials are available will likely go into higher profit, less risk areas, where tough flammability standards are not required.

Problems related to consumer acceptance of FR products, at higher prices, include objections to the fabric "hand" or feel of certain FR products and the decreased comfort that certain FR finishes impart. FR fabric maintenance is further complicated in that the topical finishes are diminished in effectiveness when nonphosphate detergents are used. Federal regulations require that FR finishes last through 50 launderings. Environmental concerns have encouraged consumers to *avoid* high-phosphate detergents, which best maintain FR qualities. Another problem is that FR finishes are not now compatible with durable press (DP) finishes. Will the consumer be willing to sacrifice DP for FR? An answer to these problems may well be found as FR fibers are refined, since the problems of "hand," comfort, and fabric maintenance are thought to be less with FR fibers than with FR topical finishes.

Can the consumer expect most fabrics to be flame retardant in the future? Quite probably, as the technology for producing flame-retardant fibers matures, and as topical finishes are improved.

## THE COST OF MEATS AND MEAT ALTERNATES

by Betty Peterkin

The meat, poultry, and fish items in meals usually cost the most. However, the range in costs of different types and cuts of meats is

great, so careful selection may result in worthwhile savings.

Estimated costs of 3-ounce servings of

cooked lean from selected types and cuts of meat and of poultry and fish are shown in table 1. The amount actually served might be more or less than 3 ounces, of course, depending on personal preference or on the size of pieces, such as chicken parts, chops, or steaks.

In addition to replacing expensive types and cuts of meat, poultry and fish with cheaper ones, the economy-minded shopper can replace some of the meats ordinarily used with alternates such as eggs, dry beans and peas, and peanut butter. These foods are suitable replacements for meat because they provide protein and other nutrients for which meat, poultry, and fish are valued. Cheese can also be used. It can be counted on for most of the nutrients found in meat except iron. Cheese is also a good source of calcium while meat is not.

One way to determine good buys among meats and meat alternates is to compare the costs of amounts of them that provide equal protein. Table 2 shows the cost of amounts of some meats and alternates required to give 20 grams of protein—one-third of the recommended allowance for a day for a 20-year old man.

A 3-ounce serving of cooked lean meat from beef, pork, lamb, veal, turkey, or fish provides 20 grams of protein or more. However, well over a serving of some meats and meat products is required: 10 slices of bacon, 3½ frankfurters, or six 1-ounce slices of bologna, for example. Amounts of some meat alternates needed to provide 20 grams of protein are also larger than the usual serving—more than a cup of cooked or canned dry beans, a can of bean soup, 4½ tablespoons of peanut butter, 3 ounces of American process cheese, or 3 eggs. Because the protein of vegetable origin, such as dry beans and peanuts, does not rate as high as the protein from animal sources, it is a good idea to have a little meat, egg, or milk at meals with these foods.

The U.S. average price and the part of a pound or other market unit required to provide a 3-ounce serving of cooked lean meat (table 1) or 20 grams of protein (table 2) are shown for each meat and meat alternate for which costs were compared. To figure a comparable cost using a different price, multiply the price by the part of a pound or market unit shown.

*Table 1.—Cost of 3 ounces of cooked lean from specified meat, poultry, and fish at July 1974 prices*

Food	Retail price per pound <sup>1</sup>	Part of pound for 3 ounces of cooked lean	Cost of 3 ounces of cooked lean
Hamburger .....	\$0.90	.26	\$0.24
Beef liver .....	.91	.27	.24
Chicken, whole, ready-to-cook ...	.52	.48	.25
Chicken breasts .....	.75	.35	.26
Turkey, ready-to-cook .....	.66	.40	.26
Ocean perch, fillet, frozen .....	1.08	.29	.31
Ham, whole .....	.90	.35	.31
Pork, picnic .....	.72	.46	.33
Ham, canned .....	1.52	.25	.38
Chuck roast of beef, bone in ....	.95	.45	.43
Haddock, fillet, frozen .....	1.50	.29	.43
Pork loin roast .....	1.13	.50	.57
Rump roast of beef, boned .....	1.70	.34	.58
Round beefsteak .....	1.74	.34	.59
Rib roast of beef .....	1.52	.45	.68
Pork chops, center cut .....	1.54	.45	.69
Sirloin beefsteak .....	1.75	.43	.75
Veal cutlets .....	3.45	.25	.86
Lamb chops, loin .....	2.26	.46	1.04
Porterhouse beefsteak .....	2.06	.52	1.07

<sup>1</sup> Average retail prices in U.S. cities, Bureau of Labor Statistics; U.S. Department of Labor.

Table 2.—Cost of 20 grams of protein from specified meats and meat alternates at July 1974 prices

Food	Market unit	Price per market unit <sup>1</sup>	Part of market unit to give 20 grams of protein <sup>2</sup>	Cost of 20 grams of protein
Peanut butter . . . . .	12 oz.	\$0.62	.23	\$0.14
Eggs, large . . . . .	doz.	.62	.25	.16
Bread, white enriched . . . . .	lb.	.35	.51	<sup>3</sup> .18
Dry beans . . . . .	lb.	.78	.24	.19
Chicken breasts . . . . .	lb.	.75	.25	.19
Chicken, whole, ready-to-cook . . .	lb.	.52	.37	.19
Beef liver . . . . .	lb.	.91	.24	.22
Hamburger . . . . .	lb.	.90	.24	.22
Milk, whole fluid . . . . .	half gal.	.78	.29	<sup>4</sup> .23
Turkey, ready-to-cook . . . . .	lb.	.66	.35	.23
Pork, picnic . . . . .	lb.	.72	.32	.23
Bean soup, canned . . . . .	11.5 oz.	.26	.96	.25
Ham, whole . . . . .	lb.	.90	.29	.26
Tuna, canned . . . . .	6.5 oz.	.59	.44	.26
American process cheese . . . . .	8 oz.	.72	.38	.27
Ham, canned . . . . .	lb.	1.52	.24	.37
Frankfurters . . . . .	lb.	1.03	.36	.37
Sardines, canned . . . . .	4 oz.	.40	.94	.38
Pork loin roast . . . . .	lb.	1.13	.33	.38
Round beefsteak . . . . .	lb.	1.74	.22	.38
Chuck roast of beef, bone in . . . .	lb.	1.09	.35	.38
Ocean perch, fillet, frozen . . . . .	lb.	1.08	.36	.39
Liverwurst . . . . .	8 oz.	.68	.60	.40
Salami . . . . .	8 oz.	.86	.50	.43
Rump roast of beef, boned . . . . .	lb.	1.70	.26	.44
Sirloin beefsteak . . . . .	lb.	1.75	.28	.49
Rib roast of beef . . . . .	lb.	1.52	.33	.50
Bologna . . . . .	8 oz.	.71	.73	.52
Haddock, fillet, frozen . . . . .	lb.	1.50	.35	.53
Pork sausage . . . . .	lb.	1.02	.52	.53
Pork chops, center cut . . . . .	lb.	1.54	.35	.53
Bacon, sliced . . . . .	lb.	1.09	.52	.57
Lamb chops, loin . . . . .	lb.	2.26	.31	.69
Porterhouse beefsteak . . . . .	lb.	2.06	.34	.69
Veal cutlets . . . . .	lb.	3.45	.21	.74

<sup>1</sup> Average retail prices in U.S. cities, Bureau of Labor Statistics, U.S. Department of Labor.

<sup>2</sup> One-third of the daily amount recommended for a 20-year-old man. Assumes that all meat, including cooked fat, is eaten.

<sup>3</sup> Bread and other grain products, such as pasta and rice, are frequently used with a small amount of meat, poultry, fish or cheese as main dishes in economy meals. In this way the high quality protein in meat and cheese enhances the lower quality of protein in cereal products.

<sup>4</sup> Although milk is not used to replace meat in meals, it is an economical source of good quality protein. Protein from nonfat dry milk costs less than half as much as from whole fluid milk.



## SOME NEW USDA PUBLICATIONS

(Please give your ZIP code in your return address when you order these.)

The following is for sale by the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402:

- SOYBEANS IN FAMILY MEALS. G 208. June 1974. 35 cents.

Single copies of the following are available free from the U.S. Department of Agriculture, Washington, D.C. 20250. Please address your request to the office indicated.

From Office of Communication:

- BETTER LAWNS. G 51. Revised May 1974.
- LAWN DISEASES—HOW TO CONTROL THEM. G 61. Revised December 1973.

From Economic Research Service, Division of Information:

- MOTHERS' ATTITUDES TOWARD COTTON AND OTHER FIBERS IN CHILDREN'S LIGHTWEIGHT CLOTHING. MRR 1026. July 1974.

From Information Division, Food and Nutrition Service:

- PUBLICATIONS OF THE FOOD AND NUTRITION SERVICE. FNS 11. May 1974.
- FOOD BUYING GUIDE FOR CHILD CARE CENTERS. FNS 108. May 1974.

From Farmers Home Administration. "S" after number denotes Spanish. English version also available:

- HOME OWNERSHIP. PA 977-S. March 1974.
- RURAL RENTAL HOUSING. PA 1039-S. April 1974.
- RURAL HOUSING REPAIR LOANS. PA 1058-S. April 1974.

## NATIONAL HEALTH INSURANCE: ISSUES FOR CONSUMERS TO CONSIDER

by Kristin L. Kline

Currently before the Congress is the issue of national health insurance.<sup>1</sup> Legislative proposals range from a plan giving nearly complete coverage of medical care costs, paid for through a social insurance mechanism, to a plan granting tax credits to families and individuals for purchase of insurance policies providing specified benefits. All attack the problem of meeting the costs of medical care for all Americans.<sup>2</sup> Four representative plans are presented in the table on pages 16 to 18. The table focuses on issues of direct concern to consumers—persons covered, benefits, costs, and administration (regulations and controls). Questions consumers need to ask in evaluating

any national health insurance plan are: Who is eligible? What is the benefit package? What will it cost consumers, directly as well as through the financing mechanism? Does the plan limit cost increases and regulate quality of medical care services?

### Persons Covered

An issue of primary concern to consumers is determining eligibility for coverage under national health insurance. Is participation compulsory or voluntary? Is coverage universal or is eligibility based on age, income, employment status, or level of medical risk? An advantage to consumers of compulsory, universal coverage is ease of determining eligibility: everyone is eligible. However, maintaining freedom of choice in obtaining and paying for medical care is a serious consideration.

<sup>1</sup> Status when FER went to press on September 23, 1974.

<sup>2</sup> For information on "Who Lacks Health Insurance Coverage," see p. 3.



If participation is voluntary, individuals and families need sufficient information to evaluate costs and benefits and to decide if they want to participate. If eligibility is based on employment experience,<sup>3</sup> some of the population—including many of those least able to purchase adequate private insurance—will not have the option of being covered under national health insurance.

## Benefits

Questions in evaluating the benefit package include: Which services are covered and which are not? Does the plan establish a standard set of benefits for all insured persons? Are costs of services covered in full, or are out-of-pocket outlays required? Are limits placed on amounts of services? The treatment of preventive care services in the benefit package is a complex issue. While including these services could promote better health, there is concern that without adequate controls higher taxpayer costs might result. To require substantial out-of-pocket outlays, however, might deter many persons from obtaining preventive care and early diagnosis.

## Cost

It is important for families and individuals to be able to determine their costs for medical care under any national health insurance plan. Not only do they have to assess liability for out-of-pocket expenditures (premiums, deductibles, coinsurance, cost of noncovered services),<sup>4</sup> but also the impact of the financing mechanism. The cost of time spent in acquiring

medical care services is another concern. Adoption of a national health insurance plan might increase time costs to consumers if demand for medical care services increases and supply does not.

Determining family financial obligation for medical costs might not be simplified by a shift to national health insurance if there are several benefit packages or several systems of cost sharing, each applying to a different group of persons. On the other hand, a plan that allows for ease in estimating family financial responsibility might not eliminate the financial hardship related to obtaining medical care.

## Administration

**Financing.** Potential sources of funds for financing national health insurance are premium payments, payroll taxes, and general Government revenues. By retaining substantial cost sharing under national health insurance, the proportion of the cost financed through taxes could be reduced. The proportion of income that individuals and families pay for health care may also be of concern.

**Regulations and controls.** It is important for consumers to know if a plan provides for containment of medical care costs and includes features designed to assure maintenance of the quality of medical care services. To consumers, adequate controls could mean the difference between receiving high quality medical care at reasonable prices and receiving a lower quality of care at steadily increasing prices.

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Sources: Cavalier, Kay, and Richard Price, NATIONAL HEALTH INSURANCE: A SUMMARY OF MAJOR LEGISLATIVE PROPOSALS INTRODUCED INTO THE 93RD CONGRESS PART I, Congressional Research Service, Library of Congress, Washington, D.C., 1973. U.S. Department of Health, Education, and Welfare, Social Security Administration, NATIONAL HEALTH INSURANCE PROPOSALS: PROVISIONS OF BILLS INTRODUCED IN THE 93RD CONGRESS AS OF FEBRUARY 1974, 1974.

Note: For more discussion and information on current national health insurance proposals, see NATIONAL HEALTH INSURANCE PROPOSALS: PROVISIONS OF BILLS INTRODUCED IN THE 93RD CONGRESS AS OF FEBRUARY 1974; and U.S. Congress, House of Representatives, Committee on Ways and Means, NATIONAL HEALTH INSURANCE RESOURCE BOOK, 1974. The publications are for sale for \$2.10 and \$5.20, respectively, by Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

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<sup>3</sup> To be eligible, persons must be insured or receiving benefits under social security. Currently insured are persons who have social security credit for at least 1½ years of work within a 3-year period. To be fully insured, persons need at least one quarter of coverage for each calendar year elapsed after 1950 or, if later, after the year in which they attained age 21, up to the year they become entitled to benefits. To be fully insured, a person must have worked for 10 years.

<sup>4</sup> A premium payment is the consideration paid, often in periodic installments, for a contract of insurance. When a deductible is required a person pays out-of-pocket all the initial cost up to a specified amount before benefits under insurance are provided. A coinsurance requirement means that a person must pay out-of-pocket some fixed percentage of each dollar spent for medical services. A copayment means paying out-of-pocket a fixed dollar amount for each item or use of service (for example, drug prescriptions or physician visits).

**FOUR NATIONAL HEALTH INSURANCE PROPOSALS<sup>1</sup>**

Item	Plan I	Plan II	Plan III	Plan IV
<b>PERSONS COVERED:</b>	Compulsory  Single comprehensive Federal system to cover all U.S. residents. (Medicare would be abolished.)	Compulsory  General plan: all U.S. residents (not eligible for Medicare) contributing to the health insurance system; includes all persons fully or currently insured for purposes of social security, <sup>2</sup> persons not eligible under Medicare but receiving social security cash benefits, plus dependents of all such persons, and persons receiving aid to families with dependent children.  Medicare: for the elderly. <sup>3</sup>  Long-Term Care Services program: additional voluntary coverage for Medicare eligibles.	Voluntary  Employee plan: full-time employees (and dependents), including employees of state and local governments.  Assisted plan: low-income families, employed or non-employed; also, families and employment groups who are high medical risks.  Plan for aged: aged persons insured under social security.	Voluntary.  Catastrophic illness plan: for all persons (and their dependents) insured or receiving benefits under social security.  Medical Assistance plan: for low-income persons.  Medicare: continued for the elderly.
<b>BENEFITS:</b>		General plan:	Employee, Assisted, and Medicare plans:	Catastrophic plan:
a. Hospital care.	a. No limit	a. No limit	a. No limit	a. Coverage begins after first 60 days, unlimited additional days covered; \$21 per day copayment.
b. Care in skilled nursing facility.	b. 120 days per year.	b. 100 days per year	b. 100 days per year	b. 100 days, available to persons who received catastrophic hospital benefits; \$10.50 per day copayment.
c. Physicians' services.	c. No limit	c. No limit. Physical checkups and immunizations excluded.	c. No limit. Physical checkups and immunizations excluded.	c. Payable after family has incurred \$2,000 in medical expenses in year; 20 percent coinsurance.
d. Dentists' services.	d. For children under age 15; scheduled extension to age 25; eventually to entire population.	d. For children under 13	d. For children under 13	d. None.
e. Services of other health professionals.	e. No limit	e. No limit on physical therapy. Podiatrists' services limited for persons age 6 and over.	e. Limited	e. None.
f. Laboratory and X-ray.	f. No limit	f. No limit	f. No limit	f. Same as c.
g. Home health services.	g. No limit	g. 100 visits per year	g. 100 visits per year	g. Same as c.
h. Family planning, maternity care, well-child care.	h. No limit	h. No limit except well-child care limited to children under 6.	h. Well-child care included for children under 6. Family planning and maternity care regulations to be written at future time.	h. None.
i. Prescription drugs.	i. As needed for chronic illness and other specified diseases.	i. No limit, but subject to separate copayment.	i. No limit, but subject to separate deductible.	i. None.
j. Medical supplies, appliances, and ambulance services.	j. No limit	j. No limit; ambulance service regulated.	j. No limit; ambulance service regulated.	j. Same as c.
k. Additional services.	k. Optometrists' services and eyeglasses.	k. Eyeglasses, eye exams, hearing aids, and ear exams for children under age 13.	k. Eyeglasses, eye exams, hearing aids, and ear exams for children under 13.	k. None.

FOUR NATIONAL HEALTH INSURANCE PROPOSALS<sup>1</sup> —continued

Item	Plan I	Plan II	Plan III	Plan IV
<b>BENEFITS—</b> Continued		<p>Medicare (changes): no limits on outpatient drugs and biologicals and on hospital inpatient days.</p> <p>Long-Term Care includes the following services: home health; homemaker; nutrition; long-term institutional care; day care and foster home; and community mental health center outpatient.</p>		<p>Medical Assistance plan: same benefits as Catastrophic plan, but no limits on amount of services and no cost sharing, except: hospital inpatient, 60 days; physicians services, \$3 co-payment for first 10 visits per family. Includes: intermediate care facility services; maternity and well-baby care; family planning; periodic exams for children under 18. Pap smear and immunization regulations to be written at future time.</p> <p>Medicare: same as currently.</p>
<b>COSTS:</b> Premiums	None	<p>General plan: none</p> <p>Medicare: part A same as at present, \$36 per month only for elderly persons not insured under social security; Supplementary Medical Insurance (SMI, part B), \$6.70 per month.</p> <p>Long-Term Care: \$6 per month.</p>	<p>Employee plan: employer-employee premium payments, employer pays 75 percent Insurance through private carriers.</p> <p>Assisted plan: enrollee premium payments according to family income (lowest income groups none).</p> <p>Plan for aged: same as Medicare under Plan II, but no premiums for low-income aged.</p>	<p>Catastrophic plan: none. Medical Assistance plan: none.</p> <p>Medicare: same as under Plan II.</p>
Cost sharing (deductibles, coinsurance, and total cost sharing).	No specified cost sharing.	<p>General plan: deductible of \$150 per person annually (maximum of 2 deductibles per family) and 25 percent coinsurance. Co-payment of \$1 per outpatient drug or biological. Total cost sharing limited to \$1,000 annually per family (not including co-payment for outpatient drugs and biologicals). Reduced cost sharing for low-income families. No deductible for maternity care, well-child care, family planning services, and special care for children under age 13.</p> <p>Medicare: deductibles and coinsurance as currently paid. Total cost sharing limited to \$1,000 per family. Deductible and coinsurance obligation terminated in case of illness or injury. Deductible for blood eliminated. Drug co-payment same as in general plan.</p> <p>Long-Term Care: none</p>	<p>Employee plan: deductible of \$150 per person annually (maximum of 3 deductibles per family) and 25 percent coinsurance. Additional \$50 deductible for outpatient drugs and biologicals. Total cost sharing limited to \$1,500 annually per family (\$1,050 for individuals).</p> <p>Assisted plan: maximum cost sharing as in employee plan, but reduced according to individual or family income.</p> <p>Plan for aged: deductible of \$100 per person and 20 percent coinsurance, but total cost sharing limited to \$750 per person annually. Reduced cost sharing according to individual income for low-income elderly.</p>	<p>Catastrophic plan: total coinsurance limited to \$1,000 annually per person. See other cost sharing stipulations under Benefits.</p> <p>Medical Assistance plan: pays full cost of benefits under Catastrophic plan for Medical Assistance recipients not covered by the catastrophic plan, and necessary cost sharing for those who are covered. Would pay Supplementary Medical Insurance premium for eligible elderly persons. Cost sharing limited to that specified in Benefits.</p> <p>Medicare: deductibles and coinsurance as currently paid.</p>
Financing	Tax on payroll (employers 3.5 percent and employees 1.0 percent), self-employed (2.5 percent), and unearned income (1.0 percent) and Federal	General plan: tax on payroll (employers 3.0 percent and employees 1.0 percent), self-employed (2.5 percent), and unearned income (2.5 percent), and Federal general revenues (equal to total receipts	<p>Employee plan: employer-employee premium payments.</p> <p>Assisted plan: premium payments by enrollees and Federal and State general revenues.</p>	<p>Catastrophic plan: special tax (0.4 percent) on wages and self-employment income subject to social security tax.</p> <p>Medical Assistance plan: State and Federal general revenues.</p>



Item	Plan I	Plan II	Plan III	Plan IV
<b>COSTS—Continued</b>				
<b>Financing</b>	general revenues (equal to total receipts from taxes). Income subject to tax: first \$15,000 annually for individuals; total payroll for employers.	from taxes). Income subject to tax: first \$20,000 annually for individuals; total payroll for employers. Reduced cost sharing by low-income persons: financed from Federal general revenues with contributions from States.  Medicare: social security payroll taxes and premiums. Long-Term Care: premiums and Federal and State general revenues.	Plan for aged: social security payroll taxes and premiums, to be supplemented by Federal and State general revenues.	Medicare: social security payroll taxes and premiums.
Rates of reimbursement to providers.	National health budget established and funds allocated, by type of medical services, to regions and local areas.	Rates established under supervision of Federal government. Institutional providers must accept reimbursement at established rate as payment in full. Physicians and other professionals reimbursed by fee schedules established by the professions (subject to adjustment by Social Security Administration); however can charge fees higher than established rate, but must collect extra charges from patients.	Rates established by States, according to Federal procedures and criteria. "Full participating" providers (includes all hospitals and skilled nursing facilities) must accept State rates, including cost sharing, as payment in full. "Associate participating" providers could charge more than State rate for employee plan patients, but must collect extra charges and cost sharing from patients.	Same as Medicare. For Medical Assistance program physicians and other providers must accept plan's payment as payment in full.
<b>ADMINISTRATION:</b>				
Administrative framework.	Federal government administers program through special board in DHEW, with regional and local offices to operate program.	Independent Social Security Administration directs administration of program through private insurance companies.	Employee plan: insurance through private carriers (or self-insured arrangements) supervised by States, under Federal regulations.  Assisted plan: administered by States through private carriers under Federal regulations.  Plan for aged: administered by Federal government in way similar to present Medicare program.	Administered through Medicare program, under which private carriers handle claims and pay providers of services.
Regulation of medical care providers.	Standards same as Medicare, but with additional requirements. Physicians must meet national standards.  Records of all providers subject to review by regional office. Providers can be directed to add or reduce services, provide services in a new location.	Federal standards for participation, subject to consultation with States. State agencies determine compliance.  Services provided under program subject to review by Professional Standards Review Organization (PSRO), as stipulated under 1972 amendment to Social Security Act.  Quality management payments to serve as incentives for providers to control costs.	Standards for participation in program established by States.  Services provided under program subject to review by Professional Standards Review Organization (PSRO), as stipulated under 1972 amendment to Social Security Act.	Standards same as Medicare. Also, intermediate care facilities must be licensed by State and meet additional requirements.  Services provided under program subject to review by Professional Standards Review Organization (PSRO), as stipulated under 1972 amendment to Social Security Act.
Regulation of insurance carriers.	Not applicable	Voluntary system for approval of supplemental private insurance policies.	By State, including approval of premium rates, enforcement of disclosure requirements, audit, and protection against insolvency of carriers.	Certification by DHEW of health insurance policies voluntarily submitted by private carriers.

<sup>1</sup> Plan I: Kennedy-Griffiths, The Health Security Act of 1973 (H.R. 22,S.3). Plan II: Kennedy-Mills, The Comprehensive National Health Insurance Act of 1974 (H.R. 13870,S.3286). Plan III: Mills-Schnecbeli, The Comprehensive Health Insurance Act of 1974 (H.R. 12684,S.2970). Plan IV: Long-Ribicoff, The Catastrophic Health Insurance and Medical Assistance Reform Act (S.2513).

<sup>2</sup> See footnote 3 in text.

<sup>3</sup> For a description of the current Medicare program see *National Health Insurance Resource Book*, House of Representatives, Committee on Ways and Means (Washington, D.C.: Government Printing Office, 1974), pp. 429-433.



## BLS URBAN FAMILY BUDGETS—AUTUMN 1973

The Bureau of Labor Statistics' (BLS) three hypothetical budgets for a family of four ranged from \$8,181 a year at the lower level to \$12,626 at the intermediate level and \$18,201 at the higher level in autumn 1973 (see table). Between autumn 1972 and autumn 1973 the lower budget rose 10.8 percent, the intermediate budget 10.3 percent, and the higher budget 9.9 percent. The costs are for an urban family of four: A 38-year-old husband, his wife who is not employed, a boy of 13, and a girl of 8. The budgets illustrate three different levels of living based on estimates of costs for different specified types and amounts of goods and services rather than actual expenditures by families.

Budgets covering consumption items—food, housing, transportation, clothing, personal care, and medical care—were updated by applying changes in the Consumer Price Index to autumn 1972 costs for each main class of goods and services. At each budget level, the rise in food costs was more than triple the increase in any other consumption component. The change in food costs was greatest in the higher budget because this budget includes larger quantities of meat, poultry, and fish for which prices increased most sharply over the period. However, the increase in food prices over the year had the greatest impact on the lower budget because food comprises a substantially larger portion of the total cost of consumption at this level than at the higher levels.

Estimated annual costs of consumption for families of different size and composition, and the costs for 39 metropolitan areas and four nonmetropolitan areas are available in BLS News release USDL-74-304, June 16, 1974.

*Table 1.—Annual budgets at 3 levels of living, urban United States, autumn 1973*

Component	Lower	Inter- mediate	Higher
	<i>Dollars</i>	<i>Dollars</i>	<i>Dollars</i>
Total budget . . . . .	8,181	12,626	18,201
Family consumption:			
Food . . . . .	2,440	3,183	4,020
Housing . . . . .	1,627	2,908	4,386
Transportation . . . . .	563	1,014	1,315
Clothing . . . . .	696	995	1,456
Personal care . . . . .	205	275	390
Medical care . . . . .	660	664	692
Other family consumption . . . . .	389	722	1,191
Total family consumption . . . . .	6,580	9,761	13,450
Other items . . . . .	385	611	1,024
Taxes:			
Social Security and disability tax . . . . .	492	647	647
Personal Income taxes . . . . .	724	1,607	3,080
	1,216	2,254	3,727

## NUTRIENT DATA TAPES HAVE NEW SUPPLIER

The availability of punched cards and magnetic tapes containing food composition data expanded from COMPOSITION OF FOODS (Agriculture Handbook No. 8) was announced in the December 1972 issue of FAMILY ECONOMICS REVIEW. These data sets now have a new supplier. No revisions have been made in any of the sets, however.

Data sets are for sale by Action Data Proces-

sing, Inc., 817 Silver Spring Avenue, Silver Spring, Md. 20910. Requests for orders should be directed to the supplier. Inquiries about the data should be addressed to Survey Statistics Group, Consumer and Food Economics Institute, Agricultural Research Service, U.S. Department of Agriculture, Room 329, Federal Building, Hyattsville, Md. 20782.

# VARIABLE ANNUITIES—RETIREMENT INCOME WITH GROWTH POTENTIAL

by Nancy Rudd

Chronic inflation—the continuous decline in purchasing power of the dollar—creates many kinds of budgeting problems for families. One of the most difficult to solve, however, is that of saving for retirement. Dollars saved today will not only buy much less by the time they are needed, but in addition, may have to last longer than presently anticipated because of increasing life expectancy. One approach to dealing with this problem is to put some savings into investments whose value may increase with increases in the cost of living. One such investment, and one which has become widely available only in the past few years, is the variable annuity—a program designed to provide retirement income with growth potential.

Variable annuity plans differ from more familiar fixed annuity plans as follows: A fixed annuity plan guarantees the annuitant (person receiving the annuity) a specified amount of dollar income per month or year (the annuity) for the rest of his life (or some other time period depending on contractual arrangements). The purchasing power of the annuity may decline if the cost of living increases, but the dollar value never changes. The insurance company (or other carrier of the plan) invests its income from purchase payments in fixed-return assets, such as bonds and mortgages, and assumes the risk of loss if its investments fail to provide sufficient income for it to meet its contractual obligations.

In a variable annuity plan this risk shifts to the annuitant. When an individual purchases a variable annuity contract, he is, in effect, purchasing shares in a mutual fund. His purchase payments, along with those of others, are invested in a selection of corporate stocks (called the annuity fund or account) with apparent potential for long term growth, and he, rather than the company, loses if the value of the stocks goes down instead of up.

## Pay-In or Accumulation Period

A variable annuity may be purchased in a single payment or in a series of payments. It is generally purchased during the working years

with the pay-out period scheduled to begin at retirement. Part of each purchase payment is deducted by the company to cover its sales and administrative expenses, the expense of paying a minimum death benefit (should the prospective annuitant die before his annuity payments begin), and the risk it takes that life expectancy may increase thereby increasing the length of time the company will have to make annuity payments. Some States and municipalities levy a tax on the purchase payment which is also deducted. The remaining part of the payment is used to purchase accumulation shares in the annuity fund. At the time a variable annuity fund is established, these shares are arbitrarily valued at some amount such as \$1.00. Thereafter, their value fluctuates with the investment experience of the fund. Consequently, when a variable annuity is purchased with a series of equal payments, the payments will not always purchase the same number of accumulation shares. The number of shares owned by a person is not affected by changes in their value. A variable annuity contract holder can redeem, at their current value, some or all of his shares during any time before commencement of his annuity payments.

## Pay-Out or Annuity Period

The dollar amount of variable annuity payments during the pay-out period depends on the dollar amount of the first annuity payment, the number of annuity units reflected by that payment, and the investment experience of the fund. The dollar value of the first payment depends on the contract owner's life expectancy, the annuity option selected, the assumed rate of interest, and the dollar value of the contract owner's accumulation shares.

The contract owner's life expectancy, for purposes of computing his annuity payment, is the life expectancy of persons of his age and sex at the time he purchases his contract, that is, begins making purchase payments. This "mortality guarantee," as it is called, means that his annuity payments cannot be reduced if life expectancy increases.

The annuity option selected determines



whether any rights to the annuity are guaranteed to a beneficiary when the annuitant dies. A life annuity that does not guarantee a certain number of payments provides no survivor's rights and pays the largest initial annuity payment. A life annuity with a certain number of payments guaranteed, such as 120 or 180, pays the annuitant's beneficiary the remaining guaranteed payments if the annuitant dies before receiving them. A joint and last survivor annuity is payable to two parties and then to the survivor (generally at a reduced level). Companies differ with regard to options offered so the above list is merely representative of the possibilities. In all cases, however, selection of any option which guarantees payments to an annuitant's survivor reduces the initial annuity payment by an amount consistent with the magnitude of the guarantee.

The assumed rate of interest is the annual rate at which the value of the fund is assumed to grow. Most companies set this rate at 3½ percent. Some States permit annuity contract owners to use a different interest rate assumption. The role this rate plays in determining the amount of the first and subsequent payments is described in the example below.

Example of how variable annuity payments are calculated. At age 65 Ms. Jones owns 20,000 accumulation shares in Company B's variable annuity fund. The current value of each share is \$2.00, so that the total value of her shares is \$40,000. Ms. Jones has elected to receive a life annuity with 120 payments certain. Her contract contains a table that indicates how many dollars per \$1,000 accumulated she is guaranteed to receive in her first annuity payment—for example, \$7.00—given her life expectancy (at the time the contract was purchased), annuity option, and an assumed rate of interest of 3½ percent. Had she selected another annuity option or assumed rate of interest, she would have been guaranteed a different amount. Her first annuity payment might be  $\$7.00 \times \$40,000 / \$1,000$  or \$280.

At this point her first payment is converted to *annuity units*. At the time a fund is established an annuity unit, which is simply an accounting device, is arbitrarily valued at some

amount, such as \$1.00, and is assumed to reflect some rate of return—generally 3½ percent. The value of an annuity unit fluctuates with the investment experience of the fund, but only if earnings differ from the assumed rate and only by the amount of the difference. Thus, if a fund is growing at an annual rate of 5 percent and the assumed rate is 3½ percent, the value of an annuity unit increases by 1½ percent. Some earnings assumption is necessary in order to compute a first annuity payment and to assign a portion of the fund's earnings to later payments. A very low assumption would permit payments to grow faster, but they would initially be very low. A higher assumption would produce a higher initial payment but a slow rate of growth and increased likelihood of decline. Thus, an assumed rate of 3½ percent is a conservative figure which helps insure against too much variability in annuity payments.

At the time Ms. Jones receives her \$280 initial payment, the value of an annuity unit is \$1.40. Her first payment, then, reflects 200 annuity units ( $\$280 / \$1.40$ ). All subsequent payments will consist of the then current value of an annuity unit times 200. Her payments, therefore, will vary with the value of an annuity unit, which varies with the investment experience of the fund.

### Tax Advantages of Variable Annuities

Besides their potential for growth, variable annuities have certain tax advantages over other forms of equity investments. The annuity contract holder pays no taxes on the year-to-year earnings of the fund. After his annuity payments commence, he does not pay taxes on long-term capital gains. His annuity payments are taxed as regular income to the extent that they exceed the amount of his purchase payments divided by the expected number of annuity payments to be made under his contract (adjusted for the annuity option selected). By then, however, he is probably in a lower tax bracket than during his earning years and eligible for the double exemption allowed persons over 65.

In certain cases the purchase payments are tax deductible. Educational and certain other nonprofit organizations are permitted to set up

such plans (called tax-sheltered annuities) for their employees. Self-employed individuals can establish a tax-sheltered retirement fund under the Keogh Plan. The latter procedure should not be carried out without competent financial advice, as deviation from the strict rules governing the Plan can result in loss of the tax shelter. Tax-sheltered plans apply to other forms of investment as well as variable annuities.

### Buying a Variable Annuity Contract

Persons interested in exploring the possibilities of variable annuities as a source of retirement income should contact several insurance companies or other investment companies who offer variable annuity plans and obtain a prospectus from each. The prospectus describes the plan, gives detailed information regarding charges (which differ from one company to the next), lists the assets of the fund at a given point in time, and indicates under what regula-

tions the company operates. Information should also be obtained from the company regarding the overall net investment experience of the fund in recent years.

Variable annuities are not appropriate for every person seeking retirement income, and are certainly not an appropriate outlet for all of an individual's retirement saving. Buying stocks through a variable annuity plan carries the same risks as buying stocks under any other arrangement. Although the value of stocks has generally kept pace with increases in the cost of living over time, there have been occasions, such as the present, when prices rose and the value of stocks fell. A retired person with fixed financial obligations to meet could find himself in serious difficulty if he were relying totally on variable annuity income in such a situation. However, for individuals seeking to supplement fixed retirement income, such as a fixed annuity with income that has growth potential, a variable annuity plan may be worth exploring.

## ENERGY PRICES AND THEIR IMPACT ON FAMILIES

by Marilyn Doss Ruffin

Families are feeling the pinch of higher prices for household energy and for gasoline. In August 1974, the Consumer Price Index (CPI) for fuels and utilities was 21 percent above the year-earlier level, while the CPI for gasoline had risen by 40 percent.

### Household Energy

Price increases for electricity and natural gas have been less severe than those for coal and the petroleum-based fuels (table 1 and chart). Because of regulatory mechanisms, prices consumers pay for gas and electricity are slow to reflect inflationary trends. In about three-fourths of the States, however, increased fuel costs of producing electricity can be passed on automatically to the consumer.

Among the 23 Standard Metropolitan Statistical Areas (SMSA's) in which the Bureau of Labor Statistics collects information on fuel and utility costs, electricity was priced highest in the Northeast and North Central regions, which depend heavily on coal and oil. New York-Northeastern New Jersey had the highest

cost of electricity in August 1974, and Seattle had the lowest (\$35.31 for 500 kwh. compared with \$6.77). Compared with year-earlier levels, this cost had risen by \$12.58 in New York-New Jersey, but only \$.12 in Seattle.

The Federal Energy Administration (FEA) is encouraging States to re-examine electric rate policies—to consider automatic pass-through to the consumer of other production costs as well as fuel costs, and to consider a rate structure that provides for higher charges during peak hours, as system fuel efficiency is lowest when demands are highest. In addition, FEA has urged Governors to discourage promotional practices such as advertising and cost-reductions on all electric homes. The percentage of new homes with electric heating more than doubled between 1966 and 1973. (table 2.)

The objective of reducing per-person energy requirements for heating and lighting is being given high priority at FEA. Programs to upgrade existing housing—called "retrofitting" by FEA—are being tried on a pilot basis in two cities and, if successful, will be expanded



nationally. The pilot projects involve personalized computer analysis of a homeowner's household energy requirements, the end result being specific recommendations, including costs, for possible energy-saving improvements.

### Transportation

As measured by the CPI, the cost of operating an automobile showed a greater increase between August 1973 and August 1974 than did costs of public transportation (table 1). There is some evidence of consumer resistance to higher gasoline prices, with demand for gasoline remaining below year-earlier levels from January through August and estimated to remain so for the remainder of 1974. The lower level of demand reflects curtailment of driving as well as increased preference for cars with good fuel economy.

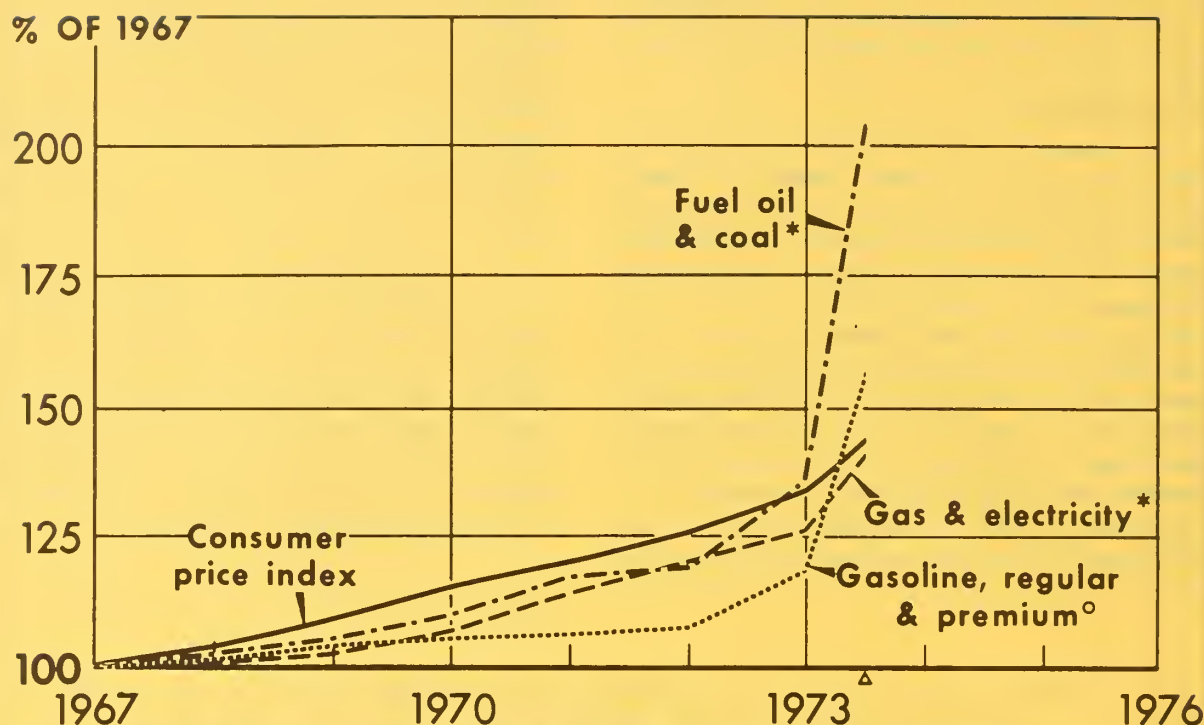
Consumers who are considering the purchase of a new car this year are concerned about the

fuel economy of the new models and, in addition, about the availability and price of no-lead gasoline, which must be used in models equipped with the catalytic converter, an anti-pollution device. From 65 to 85 percent of the 1975 cars will be equipped with the device, according to the Environmental Protection Agency (EPA). To prevent the use of leaded gasoline, these cars will have smaller gas tank inlets, and gasoline pumps for unleaded fuel will have smaller nozzles. Under EPA regulations about 110,000 stations will be required to sell at least one grade of unleaded gasoline; since first issuance, the proposal has been modified to ensure availability in rural areas. The Federal Energy Administration has published several regulations on the pricing of lead-free gasoline. For the most part, the unleaded fuel will cost about 1 cent more than leaded gasoline of similar octane.

*Table 1.—Consumer Price Index, for selected energy-related items, U.S. city average  
(1967=100)*

Item	Aug. 1974	May 1974	Feb. 1974	Nov. 1973	Aug. 1973	Percent change from Aug. 1973 to Aug. 1974
ALL ITEMS .....	150.2	145.6	141.5	137.6	135.1	11.2
Housing:						
Fuel oil and coal .....	220.9	211.0	202.0	155.6	132.8	66.3
Gas and electricity .....	148.5	143.9	137.3	129.8	125.8	18.0
Electricity .....	150.8	146.3	137.7	127.5	125.0	20.6
Gas .....	146.0	141.3	136.9	132.3	126.7	15.2
Transportation .....	143.4	137.6	129.3	125.8	124.5	15.2
Private .....	142.8	136.6	127.5	123.8	122.3	16.8
Gasoline, regular and premium .....	166.5	165.4	147.8	126.3	118.7	40.3
Motor oil, premium .....	148.5	143.7	137.6	130.4	128.4	15.7
Parking fees .....	160.4	157.1	154.2	155.5	153.6	4.4
Public .....	148.7	146.3	146.2	144.6	144.9	2.6
Local transit fares .....	147.6	148.3	148.7	149.2	150.3	-1.8
Taxicab fares .....	154.1	145.4	145.3	138.3	138.3	11.4
Railroad fares, coach .....	140.6	127.1	127.0	122.6	122.6	14.7
Airplane fares, chiefly coach .....	148.2	141.4	141.4	137.1	134.5	10.2
Bus fares, intercity .....	159.5	159.0	150.9	145.9	145.9	9.3

# ENERGY PRICES



\* INCLUDED IN HOUSING INDEX. ° INCLUDED IN TRANSPORTATION INDEX. Δ 6-MONTH AVERAGE FOR 1974.  
BLS DATA; URBAN WAGE EARNERS AND CLERICAL WORKERS.

USDA

NEG. ARS 6085 - 74 (9)

Table 2.—Fuel characteristics of new privately owned one-family homes 1966-73<sup>1</sup>

Fuel characteristics	1966	1967	1968	1969	1970	1971	1972	1973
	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent
Heating fuel:								
Electricity . . . .	20	20	22	25	28	31	36	42
Gas . . . . .	64	66	65	64	62	60	54	47
Oil . . . . .	13	11	11	9	8	8	8	10
Other . . . . .	3	3	2	1	1	1	1	1
Central air-conditioning:								
With . . . . .	25	28	31	36	34	36	43	49
Without . . . . .	75	72	69	64	66	64	57	51

<sup>1</sup> Data for 1966-70 cover contractor-built, owner-built, and homes for rent for year construction started and homes sold for year of sale. Data for 1971-73 show percent distribution of characteristics for all homes completed (includes new homes completed, homes built for sale completed, contractor-built and owner-built homes completed, and homes completed for rent). Percents exclude homes for which characteristics specified were not reported.

Source: *Statistical Abstract 1973*, p. 684, table 1157, and Bureau of the Census.

Fuel economy on the 1975-model cars is reported to be "much improved," based on preliminary results of EPA mileage tests and on industry estimates. EPA mileage results are listed in "1975 Gas Mileage Guide for Car Buyers." For a single free copy write to Consumer Information Center, Pueblo, Colorado 81009.

### Impact on Families

Rising energy prices have had greater impact on some families than others—consumption needs vary, as do prices that families must pay. In addition, the family's ability to cope with additional large expenditures depends on how heavily its income is committed to fixed obligations and to necessities—whether by choice or because income is low.

For the most part, a family's energy consumption needs are based on choices made in the past—for example, selection of a home furnace, appliances, automobile,<sup>1</sup> and location of home. Except for reducing their level of use, families have little flexibility in the short run with respect to their energy requirements.

There is some evidence that rural residents have particularly high expenditures for household energy items. A study of families in five Appalachian counties of New York State in 1972 and early 1973 indicated that rural households generally spend more on household energy than do nonrural households.<sup>2</sup> Similarly, in the most recent survey of expenditures of U.S. households,<sup>3</sup> average expenditures on household fuels and electricity were higher for rural farm and rural nonfarm households than for urban residents and, in addition, constituted a larger percentage of expenditures

for current consumption. The percentages of rural households reporting expenditures for coal and coke, for kerosene, and for fuel oil—fuels with very large price increases in recent months—were generally higher than for urban households.

Families who depend on two earners to provide an adequate income are likely to be more affected by increased transportation costs than one-earner families. In 1973, 11.4 percent of black families and 2.7 percent of white families with two earners were below the low-income level, thus lacking money resources for paying higher costs.<sup>4</sup> The median income in 1972 of black families in which both husband and wife were earners was \$11,566—only \$816 more than for white families in which the husband was the only earner. A 1967 study found that on the average, employed black women reported longer commuting time and higher travel costs than employed white women.<sup>5</sup>

Information on household ownership of motor vehicles, presented in table 3, can be used to identify household types most vulnerable to rising costs of public transportation (the poor, the elderly, the central city resident) as well as those who depend heavily on the automobile (the multiple-earner household, those living outside metropolitan areas, the suburbanite). Table 4 points out some regional differences in prices paid for gasoline.

<sup>4</sup>Families and unrelated individuals are classified as being above or below the low-income or poverty level, using the poverty index adopted by a Federal Inter-agency Committee in 1969. This index is based on the Department of Agriculture's 1961 Economy Food Plan and reflects the different consumption requirements of families based on their size and composition, sex and age of family head, and farm and nonfarm residence. In 1973, the low-income or poverty threshold—the income level which separates "poor" from "nonpoor" was \$4,540 for a nonfarm family of four. The thresholds are updated every year to reflect changes in the Consumer Price Index.

<sup>5</sup>Parnes, Herbert S., and others, DUAL CAREERS, U.S. Department of Labor, Manpower Administration, Manpower Res. Monograph No. 21, vol. 1. 1970.

<sup>1</sup>See "Cost of Operating an Automobile," p. 28.

<sup>2</sup>HUMAN ECOLOGY FORUM, vol. 4, No. 3. Winter 1974.

<sup>3</sup>Survey of Consumer Expenditures 1960-61. Supplement 3-Part A to BLS Report No. 237-93. May 1966.



Table 3.—Household ownership of motor vehicles,<sup>1</sup> July 1972

Characteristic	Percent owning in each household group		
	No vehicle	One vehicle	2 or more vehicles
All households .....	18.9	41.4	39.7
Household type:			
Husband-wife (with or without children) .....	7.4	40.0	52.6
Other type of household .....	40.7	44.7	14.6
Number of full-time workers in family:			
None .....	44.7	44.2	11.1
One .....	11.1	46.9	42.0
2 .....	5.1	29.0	65.9
3 or more .....	.7	12.8	86.5
Income:			
Under \$3,000 .....	56.8	33.5	9.7
\$3,000 to \$4,999 .....	29.5	51.8	18.7
\$5,000 to \$7,499 .....	13.7	52.0	34.3
\$7,500 to \$9,999 .....	7.8	46.2	46.0
\$10,000 to \$14,999 .....	4.2	37.1	58.7
\$15,000 to \$24,999 .....	3.0	29.8	67.2
\$25,000 and over .....	6.8	22.3	70.9
Age of head:			
Under 25 years .....	17.1	54.0	28.9
25 to 64 years .....	13.4	38.9	47.6
65 years and over .....	40.7	45.3	14.0
Region by residence:			
Northeast:			
Metropolitan areas .....	31.2	42.4	26.4
Central cities .....	48.2	39.6	12.2
Suburban rings .....	16.8	44.6	38.6
Outside metropolitan areas ..	12.1	44.8	43.1
Total .....	26.9	42.9	30.2
North Central:			
Metropolitan areas .....	19.1	43.7	37.2
Central cities .....	29.5	45.3	25.2
Suburban rings .....	9.4	42.2	48.4
Outside metropolitan areas ..	9.5	39.7	50.8
Total .....	15.5	42.2	42.3
South:			
Metropolitan areas .....	17.5	42.2	40.3
Central cities .....	25.3	42.7	32.0
Suburban rings .....	9.6	41.7	48.7
Outside metropolitan areas ..	18.2	39.6	42.2
Total .....	17.8	41.0	41.2
West:			
Metropolitan areas .....	15.8	38.9	45.3
Central cities .....	23.9	40.0	36.1
Suburban rings .....	9.8	37.9	52.3
Outside metropolitan areas ..	11.6	36.3	52.1
Total .....	14.9	38.3	46.8

<sup>1</sup> Includes cars and light trucks.

Source: U.S. Department of Commerce, Bureau of the Census, Series P-65, No. 44, February 1973.

Table 4.—Regular and premium gasoline average price for the United States and selected areas<sup>1</sup>

United States and selected areas	Regular gasoline				Premium gasoline			
	Average price per gallon		Oct.-Aug. change		Average price per gallon		Oct.-Aug. change	
	Oct. 1973	Aug. 1974	Percent	Per mile <sup>2</sup>	Oct. 1973	Aug. 1974	Percent	Per mile <sup>2</sup>
	<i>Cents</i>	<i>Cents</i>		<i>Cents</i>	<i>Cents</i>	<i>Cents</i>		<i>Cents</i>
U.S. city average . . . . .	40.2	55.4	37.8	1.1	43.9	59.1	34.6	1.1
Northeast:								
Boston . . . . .	40.5	55.2	36.3	1.1	44.4	59.1	33.1	1.1
Buffalo . . . . .	40.3	58.0	43.9	1.3	43.8	61.4	40.2	1.3
New York-Northeastern N.J. .	42.4	58.5	38.0	1.2	45.8	62.5	36.5	1.2
Philadelphia . . . . .	40.0	55.4	38.5	1.1	44.3	60.0	35.4	1.1
Pittsburgh . . . . .	40.0	54.6	36.5	1.1	44.2	58.6	32.6	1.0
North Central:								
Chicago . . . . .	42.1	57.5	36.6	1.1	45.9	61.0	32.9	1.1
Cincinnati . . . . .	40.5	56.7	40.0	1.2	44.4	60.5	36.3	1.2
Cleveland . . . . .	40.7	55.2	35.6	1.1	44.5	59.2	33.0	1.1
Detroit . . . . .	41.8	56.4	34.9	1.1	45.7	60.2	31.7	1.1
Kansas City . . . . .	38.2	53.2	39.3	1.1	42.1	57.3	36.1	1.1
Milwaukee . . . . .	38.5	53.4	38.7	1.1	42.3	57.6	36.2	1.1
Minneapolis-St. Paul . . . . .	39.5	54.5	38.0	1.1	43.4	58.5	34.8	1.1
St. Louis . . . . .	40.7	55.0	35.1	1.0	44.3	59.1	33.4	1.1
South:								
Atlanta . . . . .	39.7	55.5	39.8	1.2	43.3	59.2	36.7	1.2
Baltimore . . . . .	40.9	56.4	37.9	1.1	44.8	60.6	35.3	1.1
Dallas . . . . .	35.2	51.2	45.5	1.2	38.9	55.0	41.4	1.2
Houston . . . . .	34.7	49.3	42.1	1.1	38.6	53.3	38.1	1.1
Washington . . . . .	41.4	56.1	35.5	1.1	45.6	60.2	32.0	1.1
West:								
Los Angeles-Long Beach . . .	40.4	54.3	34.4	1.0	44.0	58.0	31.8	1.0
Honolulu . . . . .	45.2	60.5	33.8	1.1	48.7	63.8	31.0	1.1
San Diego . . . . .	41.4	55.2	33.3	1.0	44.9	59.1	31.6	1.0
San Francisco-Oakland . . . .	42.7	58.2	36.3	1.1	46.4	61.6	32.8	1.1
Seattle . . . . .	40.3	54.3	34.7	1.0	44.2	58.3	31.9	1.0

<sup>1</sup> Collected by B.L.S. as part of the Consumer Price Index. Area coverage includes the urban portion of the corresponding Standard Metropolitan Statistical Area (SMSA) except for New York and Chicago where the more extensive Standard Consolidated Areas are used. Area definitions are those established for the 1960 Census and do not include revisions made since 1960.

<sup>2</sup> Cost per mile, August 1974 vs. October 1973 at 13.7 miles per gallon.

## COST OF OPERATING AN AUTOMOBILE

The owner of a 1974 standard-sized automobile will spend \$15,892 over 10 years to drive and maintain the automobile. The owner of a compact 1974 model will pay \$12,880, and the owner of a subcompact \$11,153. These costs, from an updated study by the Federal Highway Administration, U.S. Department of Transportation, are for an automobile operated from a home in suburban Baltimore, Md. The study assumes that the automobile is driven 100,000 miles over a 10-year period: 14,500 miles the first year and successively fewer miles in each of the remaining 9 years.

Depreciation is the greatest single cost of owning and operating a standard and a compact model; while maintenance, accessories, parts, and tires are the greatest costs of a subcompact model (see table). The operating costs for the standard-sized, compact, and subcompact automobiles are not entirely comparable because the standard-sized car is assumed to have such optional features as air conditioning and a V-8 engine that are not assumed to be part of the smaller cars. These items of optional equipment will affect the costs for maintenance, gas, and insurance.

*Cost per mile of operating an automobile, by size of automobile, 1974 model*

Size of car	Total cost	Depreciation	Maintenance, accessories, parts, and tires	Gas and oil (excluding taxes)	Garage, parking and tolls	Insurance	State and Federal taxes
<i>Cents per mile</i>							
Standard . . . . .	15.9	4.2	3.4	3.2	2.0	1.6	1.5
Compact . . . . .	12.9	2.9	2.7	2.6	2.0	1.5	1.2
Subcompact . . .	11.2	2.3	2.5	2.0	2.0	1.5	.9
<i>Percentage distribution</i>							
Standard . . . . .	100	26.4	21.4	20.1	12.6	10.1	9.4
Compact . . . . .	100	22.5	20.9	20.2	15.5	11.6	9.3
Subcompact . . .	100	20.5	22.3	17.9	17.9	13.4	8.0

*Note.*—Assuming operation over 10 years and 100,000 miles from suburban Baltimore, Md.

Source: Liston, L.L., and Sherrer, R.W. *Cost of Operating an Automobile*. U.S. Dept. Transportation, Fed. Highway Admin., April 1974.

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# COST OF FOOD AT HOME

*Cost of Food at Home,<sup>1</sup> Estimated for Food Plans at Three Cost Levels,  
July 1974, U. S. average*

Sex-age groups <sup>2</sup>	Cost for 1 week			Cost for 1 month		
	Low-cost plan	Moderate-cost plan	Liberal plan	Low-cost plan	Moderate-cost plan	Liberal plan
	<i>Dollars</i>	<i>Dollars</i>	<i>Dollars</i>	<i>Dollars</i>	<i>Dollars</i>	<i>Dollars</i>
<b>FAMILIES</b>						
Family of 2:						
20 to 35 years <sup>3</sup> .....	26.10	32.60	39.60	113.00	141.10	171.20
55 to 75 years <sup>3</sup> .....	21.10	26.90	32.00	91.50	116.40	138.50
Family of 4:						
Preschool children <sup>4</sup> .....	37.50	47.00	56.50	162.50	203.50	244.80
School children <sup>5</sup> .....	43.90	55.10	66.80	190.50	238.70	289.30
<b>INDIVIDUALS<sup>6</sup></b>						
Children, under 1 year .....	4.80	6.00	6.70	20.90	26.20	29.10
1 to 3 years .....	6.30	7.80	9.20	27.10	33.80	40.10
3 to 6 years .....	7.50	9.60	11.30	32.70	41.40	49.10
6 to 9 years .....	9.30	11.70	14.40	40.40	50.80	62.50
Girls, 9 to 12 years .....	10.60	13.40	15.50	45.90	58.20	67.40
12 to 15 years .....	11.70	14.90	17.70	50.70	64.50	76.80
15 to 20 years .....	11.90	14.70	17.30	51.50	63.90	74.80
Boys, 9 to 12 years .....	10.90	13.80	16.40	47.40	59.60	71.20
12 to 15 years .....	12.80	16.50	19.50	55.70	71.60	84.40
15 to 20 years .....	14.80	18.50	22.10	64.20	80.30	95.60
Women, 20 to 35 years .....	10.90	13.60	16.30	47.30	59.10	70.40
35 to 55 years .....	10.40	13.10	15.60	45.20	56.60	67.50
55 to 75 years .....	8.80	11.20	13.20	38.10	48.40	57.10
75 years and over .....	8.00	9.90	12.00	34.50	43.00	51.90
Pregnant .....	12.80	15.80	18.50	55.50	68.50	80.20
Nursing .....	15.00	18.40	21.40	65.20	79.70	92.60
Men, 20-35 years .....	12.80	16.00	19.70	55.40	69.20	85.20
35 to 55 years .....	11.90	14.80	17.90	51.40	64.10	77.40
55 to 75 years .....	10.40	13.30	15.90	45.10	57.40	68.80
75 years and over .....	9.70	12.70	15.20	42.00	55.10	65.90

<sup>1</sup>These estimates were computed from quantities in food plans published in *Family Economics Review*, October 1964. The costs of the food plans were first estimated by using the average price per pound of each food group paid by urban survey families at three selected income levels in 1965. These prices were adjusted to current levels by use of *Retail Food Prices by Cities* released periodically by the Bureau of Labor Statistics.

<sup>2</sup>Age groups include the persons of the first age listed up to but not including those of the second age listed.

<sup>3</sup>Ten percent added for family size adjustment.

<sup>4</sup>Man and woman, 20-35 years; children, 1-3 and 3-6 years.

<sup>5</sup>Man and woman, 20-35; child, 6-9 and boy 9-12 years.

<sup>6</sup>The costs given are for individuals in 4-person families. For individuals in other size families, the following adjustments are suggested: 1-person—add 20 percent; 2-person—add 10 percent; 3-person—add 5 percent; 5-person—subtract 5 percent; 6-or-more-person—subtract 10 percent.

# CONSUMER PRICES

## *Consumer Price Index for Urban Wage Earners and Clerical Workers (1967 = 100)*

Group	July 1974	June 1974	May 1974	July 1973
All items .....	148.3	147.1	145.6	132.7
Food .....	160.5	160.3	159.7	140.9
Food at home .....	160.6	160.9	160.4	140.9
Food away from home .....	160.4	158.6	157.1	140.9
Housing .....	150.9	149.2	147.6	134.2
Shelter .....	154.4	152.8	151.3	139.7
Rent .....	130.3	129.8	129.3	124.3
Homeownership .....	163.2	161.2	159.4	145.2
Fuel and utilities .....	150.9	149.4	148.6	125.7
Fuel oil and coal .....	218.5	214.2	211.0	131.7
Gas and electricity .....	146.2	144.5	143.9	125.5
Household furnishings and operation .....	141.4	139.2	137.0	125.0
Apparel and upkeep .....	135.3	135.7	135.0	125.8
Men's and boys' .....	136.0	137.0	135.7	125.4
Women's and girls' .....	132.9	133.6	133.7	125.5
Footwear .....	136.9	137.4	137.4	129.9
Transportation .....	142.6	140.7	137.6	124.8
Private .....	141.9	139.8	136.6	122.6
Public .....	148.6	148.6	146.3	144.9
Health and recreation .....	141.0	139.4	137.7	130.3
Medical care .....	151.4	149.4	147.2	137.3
Personal care .....	137.8	136.5	134.9	125.3
Reading and recreation .....	134.6	133.5	132.0	126.2
Other goods and services .....	137.7	135.8	134.4	129.5

Source: U.S. Department of Labor, Bureau of Labor Statistics.

## *Index of Prices Paid by Farmers for Family Living Items (1967 = 100)*

Item	Aug. 1974	July 1974	June 1974	May 1974	Apr. 1974	Mar. 1974	Aug. 1973
All items .....	164	161	160	159	157	155	141
Food and tobacco .....	---	---	161	---	---	161	---
Clothing .....	---	---	167	---	---	162	---
Household operation .....	---	---	152	---	---	147	---
Household furnishings .....	---	---	138	---	---	135	---
Building materials, house .....	---	---	177	---	---	169	---

Source: U.S. Department of Agriculture, Statistical Reporting Service.



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